

VANTAGE POINT

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A WEEKLY PUBLICATION FROM THE FUND MANAGERS AND ANALYSTS OF PHILEQUITY MANAGEMENT, INC.

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LOCAL EQUITY OUTLOOK

Market Outlook : Cautious

Technicals : Support at 5700 followed by 5580, Resistance at 6000 followed by 6200

Trading Strategy : The PSEi retested the crucial 6000 support level as the peso resumed its depreciation despite the reopening of the Strait of Hormuz. Subdued economic growth despite easing inflation concerns also continue to weigh on the market. Further reassessment of winners from the recent rally is important.

The PSEi was down by 1.03% WoW to 6,072.24 as it retested round number support of 6,000 following peso depreciation and profit-taking from the recent rally. The crucial reopening of the Strait of Hormuz stood amid fragile peace talks. However, dollar dominance due to US interest rate hike expectations weakened the Philippine peso. The peso depreciated above 61 against a stronger dollar. This caused net foreign flows to reverse back to negative with outflows for the week totaling PhP2.14 billion.

A subdued economic growth outlook continued to weigh on the Philippine market. From an initial target range of 5.0-6.0%, the FY26 GDP growth was downgraded to 3.5-4.5% by the Dept. of Economy, Planning and Development (DepDev). This was to reflect the impact of inflation due to the Middle East conflict and the flood control corruption scandal. Moody's Ratings and Fitch also downgraded its outlook for the domestic banking sector to negative from stable due to expectations of faster NPL formation and lower loan growth. This was despite a resilient outlook set by local banks in the previous earnings calls.

Even with a signed agreement, the resolution of the Middle East conflict remained fragile. The scheduled meeting in Switzerland was moved to a later date due to continued military attacks by Israel on Lebanon. Following that, Iran claimed a closure of the strait which the US denied. Still, ships continued to pass through the strait, setting a record high count since the war started. Oil prices also remained below \$80/bbl.

Philippine Stock Exchange Index (PSEi) 1-year chart



www.marketwatch.com

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GLOBAL EQUITY OUTLOOK

Global markets pulled back this week from their recent highs mainly due to profit-taking in the AI-tech space and a reevaluation of portfolio allocations. The MSCI All-Country World Index (MXWD) also declined by 2.05% WoW. The Fed's hawkish tilt caused dollar strengthening putting downward pressure on gold and silver prices and most currencies.

Meanwhile, investors remained optimistic about the peace deal between the US and Iran despite continued attacks in the region. The Strait of Hormuz also stayed open which allowed stranded ships to finally pass through. This drove down crude oil prices to around \$75/bbl or just above pre-war levels. Traffic through the Gulf also reached its highest level on Wednesday since the war broke out in February.

Investors largely rotated out of AI and tech names after months of strong gains. Semiconductor and chip stocks remained resilient after Micron's strong earnings. However, other AI-tech names especially hyperscalers bore the brunt of the selloff as valuation concerns proliferated. While big names in the memory chip space such as Samsung, SK Hynix and Micron had healthy corrections, the magnificent 7 saw sharp declines. Money flowed into the broader market such as industrials, financials, small caps and cyclicals. This caused the Dow Jones to close slightly higher WoW while S&P 500 and Nasdaq were down by around 4% WoW. Other global indices highly exposed to AI-tech such as KOSPI (South Korea), Nikkei 225 (Japan) and TAIEX (Taiwan) also pulled back. European markets were broadly resilient.

MSCI All Country World Index (MXWD) 1-year chart



http://ph.investing.com/indices/msci-world-stock-chart



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BOND OUTLOOK

Market Outlook : Defensive

Trading Strategy : We remain defensive but see some hope after the US and Iran continue their fragile ceasefire and ships are now passing through the Strait of Hormuz. For now, look to stay on the sidelines or pick up selectively via auctions.

Now that oil tankers are passing through the Strait of Hormuz, oil prices have fallen back to the \$70/bbl level, which should bode well for inflation, though food prices and energy prices are still elevated. We recently had some good auctions come out for the 3y and 4y, which shows that demand is still robust at good levels. For now we advise to continue to stay on the sidelines but we are slowly leaning towards being opportunistic and picking up selectively on the shorter end.

Philippines 10 Year Government Bond



https://www.marketwatch.com/investing/bond/lldbmkph-10y/charts?countrycode=bx&mod=mw_quote_tab

PHP BVAL Reference Rates Benchmark Tenors

Tenor	BVAL Rate as of June 26, 2026
1M	4.9229
3M	5.1920
6M	5.5742
1Y	5.9761
3Y	6.4894
5Y	6.7284
10Y	6.9285

<https://www.pds.com.ph/government-securities/>

